

**CITY OF MILWAUKIE
CITY COUNCIL MEETING
NOVEMBER 4, 1997**

The one thousand seven hundred and seventy-eighth meeting of the Milwaukie City Council was called to order by Mayor Lomnicki at 7:00 p.m. in the Milwaukie City Hall Council Chambers. The following Councilors were present:

Mayor Lomnicki,	Jean Schreiber
Mayor	Rob Kappa
Carolyn Tomei	Don Trotter

Also present:

Dan Bartlett,	Jim Brink,
City Manager	Public Works Director
Charlene Richards,	Rob Shelton,
Assistant City Manager	Engineering Intern
Pam Beery,	
City Attorney	

PROCLAMATIONS, COMMENDATIONS, SPECIAL REPORTS, AND AWARDS

Veterans Remembrance Celebration Day -- Proclamation

Mayor Lomnicki read a proclamation naming November 11, 1997, as *Milwaukie Elks Veterans Remembrance Celebration Day in the City of Milwaukie*.

CONSENT AGENDA

It was moved by Councilmember Tomei and seconded by Councilmember Schreiber to adopt the Consent Agenda which consisted of the City Council minutes of October 21, 1997. Motion passed 4 - 0 1 with the following vote: Mayor Lomnicki, Councilmember Tomei, Councilmember Schreiber, and Councilmember Kappa aye; no nays; Councilmember Trotter abstained.

AUDIENCE PARTICIPATION

Analise Hummel, 2802 SE Monroe. She welcomed Councilmember Schreiber to the Historic Milwaukie Neighborhood. **Hummel** thanked the City for the "No Thru Trucks" signs on Monroe Street, but Milwaukie Lumber claimed it had an exception. City streets need more calming devices. She and others would not rest until Milwaukie was a place where all people want to live. Collector streets cannot be in residential neighborhoods. She referred to two recent *Clackamas Review* articles. One was about revitalization, and she asked if that meant putting light rail and high density in a peaceful neighborhood. The other article

quoted County Elections saying that the submission of the recall petitions was poorly timed, and verifying signatures would be difficult because of the November election. She felt that article was clearly biased. She urged all citizens of Milwaukie to attend Neighborhood Association and City Council meetings. It became very clear to her while canvassing the neighborhood that people generally did not have a clue about what goes on in their city. **Hummel** urged Milwaukians to start paying attention to what goes on in their City. Even more serious was that people were afraid to sign their names to the recall petitions for fear of possible retribution. Hitler, she said, is not in place here, and people should not be afraid to sign their names.

Mayor Lomnicki responded to the truck issue. Trucks cannot be prohibited from completing business or commerce in the downtown area.

Hummel said residents on Monroe did not want any trucks; drivers should use the overpass. She felt the lumber yard manager had arrogantly told her that his business was exempt. **Mayor Lomnicki** said there are certain trucks that must access the area, and not every truck can be excluded from the neighborhood. **Hummel** responded that the downtown area is much closer to 99E.

Councilmember Kappa added that trucks in that area could add to the congestion in the transit center and create a dangerous situation. He felt truck drivers were making an effort to avoid the neighborhoods.

Mayor Lomnicki thanked Hummel for urging citizens to attend meetings and to get involved with the City.

Mayor Lomnicki hoped that no one would be afraid of signing a petition, and he regretted some people had that feeling about a democratic process.

Councilmember Schreiber thanked Hummel for her polite welcome to the neighborhood.

Mike Sanseri, 8431 SE 36th. Milwaukie youths no longer have a place to skate since it is now prohibited at the high school. He suggested the City Council consider a skateboard park at the leased Safeway site. **Mayor Lomnicki** thanked Sanseri and added that the Parks District was also looking for an appropriate skate park location.

PUBLIC HEARING

Consider Application for Oregon Economic Development Department Enterprise Zone – Johnson Creek Boulevard

Mayor Lomnicki called the public hearing on the application to order at 7:18 p.m.

The purpose of the hearing was to consider public comment on the application. **Mayor Lomnicki** reviewed the conduct of the hearing.

Report: **Pat Allen**, Regional Development Officer, Oregon Economic Development Department, presented the staff report. He provided an overview of the program and process. The Enterprise Zone provides a three to five year tax abatement incentive to encourage capital investment when certain requirements are met. The abatement can be extended to five years if there is a 150% increase of the average county wage which is \$25,706.

The business must submit its application to the Zone Manager and the Clackamas County Tax Assessor before proceeding with its capital investment project. The business must provide an annual certification verifying its compliance with Enterprise Zone requirements.

Allen indicated the industrially zoned land in the area and the proposed Enterprise Zone. To qualify, the applicant must be an industrial business. He noted the designation did not change the underlying zoning. The City of Milwaukie and Clackamas County would be joint sponsors. He referred to a September 17, 1997, letter from Ed Lindquist, Clackamas County Board of Commissioners Chair, indicating the County was willing to work with Milwaukie to improve Johnson Creek Blvd. between I-205 and 36th Avenue. The County was also open to considering the North Clackamas County Chamber of Commerce as a potential Zone Manager.

Allen said the current proposal was based on State standards, but local restrictions can be established. He discussed the feasibility of including a supplier program. Requirements could be added in the future if the Zone sponsors concur. He had met with several taxing districts and the Ardenwald Neighborhood District Association, and no one raised any issues or concerns. The groups were also informed of the upcoming public comment opportunities. The Clackamas County Board of Commissioners will consider the application at its November 13th meeting, and the Milwaukie City Council will make its decision on November 18th.

Councilmember Kappa said there were clearly some parcels that could not be developed because of flood plain and wetlands impacts.

Councilmember Tomei discussed the average County wage. **Allen** said the company can include benefits in calculating the total average wage. Most companies manage total employee costs, and these are the figures provided to the Tax Assessor and Zone Manager.

Councilmember Tomei was concerned about providing jobs with family wages and averaging highly paid positions with minimum wage positions to attain the 150%. **Allen** said it would be difficult to hire one a person at a high wage to offset minimum wages for a five-year period.

Councilmember Kappa asked for clarification of Lindquist's letter regarding funding of Johnson Creek Blvd. projects. **Allen** did not feel he could comment beyond the content of the letter.

Bartlett referred to staff report page 84. That segment would have to be included in the next Regional Transportation Plan (RTP), and there would be City/County matches in an amount dependent upon the extent of funding.

Mayor Lomnicki noted part of the City's Transportation System Plan (TSP) was outside the present City limits. The letter indicates the County's willingness to work with the City on an investment strategy. One of the downsides of the Enterprise Zone would be negative traffic impacts, and the County has expressed a willingness to work cooperatively on this problem.

Councilmember Kappa wanted to exactly know the County's intent. He discussed the poor conditions of the riparian areas. **Allen** said the Enterprise Zone must adhere to federal, state, and local regulations.

Councilmember Tomei referred to staff report page 78 and asked if child care and transit pass benefits would be included. **Allen** said this was the City of Portland's local restrictions, and the City of Milwaukie and Clackamas County could consider similar language.

Councilmember Tomei referred to staff report page 77 and asked if Milwaukie could include job skill training. **Allen** cautioned that some companies could view the requirements as too restrictive and decide not to take advantage of the Enterprise Zone opportunities.

Mayor Lomnicki asked if the sponsors could create new conditions in the future and if new requirements could be imposed on companies already part of the Zone. **Allen** said he understood that once a company makes its capital spending decisions based on certain requirements, it would be allowed to continue under those conditions. A company participating at a later time would have to meet newly imposed restrictions.

Mayor Lomnicki felt it was important to consider the requirements that would best benefit the community at this time.

Mayor Lomnicki asked for a description of the Zone Manager's responsibilities. **Allen** said he would provide the City Council with a complete booklet. The Zone Manager would be required to make reports to the State and administer pre-approvals with the County Tax Assessor.

Mayor Lomnicki understood from the proposed resolution that Clackamas County Business Services was appointed Zone Manager. It appears this person will have complete authority to make technical or substantive changes to the application. He asked for clarification of the Zone Manager's responsibilities. **Allen** said "substantive changes" refers to the application form itself. The document upon which the City Council bases its decision on November 18th will be the same document that goes to the State.

Mayor Lomnicki said the Tax Assessor verifies property improvements. **Allen** added the Zone Manager is responsible for making reports on wage and other similar Zone requirements.

Councilmember Schreiber asked Allen if he had drafted the resolution. **Allen** said it was a standard form. He recommended designating the Zone Manager by position rather than name and added the City and County could jointly designate an individual.

Councilmember Schreiber was concerned about signing a five-year agreement. **Bartlett** said more flexibility could be added.

Councilmember Schreiber expressed concern about a process for the sponsors to appeal or negotiate. **Allen** suggested entering into a concurrent intergovernmental agreement (IGA) with Clackamas County defining basic administrative ground rules.

Councilmember Kappa referred to staff report pages 16 and 17 regarding eligibility and hiring requirements. It appeared there could be a lot of temporary hiring. **Allen** said the intent of the company is to hire regular, full-time employees, but he would research the question.

Mark Damien, Vice President of Human Resources, PCC Structural. He discussed the company's 45-year history which began with a small, grassroots business and has grown to sixty sites in the United States and Europe. He noted the business decline in the early 1990's and the resulting impact on wages. There are other regions and states that are offering incentives, but PCC hopes to grow in Milwaukie. He discussed diversification plans. The company would use vendors and shops in the area giving them an opportunity to expand their businesses also.

Councilmember Schreiber asked Damien to address employee benefits. **Damien** said in comparison to other similar companies, PCC has an employee turnover rate of less than 6%. Employees receive educational reimbursements, a 401K Plan with a 50% match, and medical plans. In the last two years, the company has absorbed premium increases. He discussed PCC's training standards.

Councilmember Tomei noted the company's profits had increased 166% in the past ten years. **Damien** said that was based on the entire corporation.

Councilmember Tomei referred to a *Willamette Week* article regarding PCC's falling behind in wages. **Damien** discussed pay ranges and added that some employees bump back a pay range to stay on a particular shift.

Councilmember Tomei asked how many temporaries PCC hires. **Damien** said PCC uses a temporary agency for screening purposes, and a person could be hired as a regular employee within four to six months.

Councilmember Tomei noted a preponderance of employees earned \$12.84 - \$16.29 per hour. She asked how long most of these employees had worked for PCC. **Damien** said most of them have worked for the company between twelve and sixteen years.

Mayor Lomnicki commented the Council was not there to judge PCC and its operations. He asked if there were any conditions so odious to make PCC back out of the application. **Damien** suggested the City Council give Allen a "wish list" and determine if any were prohibitive. He added that on-site child care was a large expense and could be addressed through tax breaks or other benefit changes.

Councilmember Kappa asked Damien to expand on his comments regarding employee turnover. **Damien** said, in the manufacturing environment, the national average turnover was 18 - 21% with hourly turnover usually somewhat higher.

Correspondence: None.

Audience Testimony: **Kathleen Briggs**, 5202 SE Monroe. She is a long-time Milwaukie resident and PCC employee. The company is growing, and traditionally it promotes from within. Acceptance of the Enterprise Zone would allow for needed expansion and increase the employment base. **Briggs** was proud of the area and hoped to see it improve as much as the west side.

Councilmember Kappa asked Briggs if she had worked her way up through the ranks. **Briggs** started working for PCC in 1979, has moved up nine positions, and was able to go to school. She has become a skilled worker for the company.

Councilmember Tomei asked Briggs what she did. **Briggs** said she was a production scheduler in the wax department and added she was paid appropriately for her job duties.

John Wyatt, North Clackamas Chamber of Commerce, 7740 SE Harmony Rd. He read a letter into the record as formal testimony on behalf of the Chamber. The Chamber indicated its support of the Enterprise Zone creation. This type of economic development tool was consistent with the Chamber's mission of providing "innovative leadership to ensure a successful business climate and promote the quality of life in Clackamas County."

Councilmember Schreiber asked Wyatt as a member of the banking community if he thought the Enterprise Zone would encourage investment. **Wyatt** responded it would.

Councilmember Kappa asked what kinds of small businesses would benefit. **Wyatt** said small machine shops, for example, that currently supply PCC could expand. He noted there was a large light manufacturing community in Clackamas County.

Damien added, from an investment standpoint, a small business owner might need the Enterprise Zone to meet increased volume demands.

Bonita Entwistle, 3200 SE Silver Lake Lane, Space 30. She indicated she was a single parent who has been a PCC employee for 10 years. Employees are able to grow in their jobs at PCC and remain in a community that is important to them.

Councilmember Tomei asked Entwistle if she would like on-site child care. **Entwistle** said she would.

Councilmember Kappa asked Entwistle if she had also come up through the ranks. **Entwistle** said she had and added she had been given the opportunity for computer training and cross-training.

Analise Hummel, 2802 SE Monroe. She had attended a workshop on alternatives to growth and learned that if employees had to pay true costs for things like schools, a fair family wage would be \$589,000 a year. Capitalism causes poverty; slavery was a capitalist way for some to get extremely rich on the backs of others. She asked what kind of waste was produced by this manufacturer. **Hummel** did not believe tax abatements should be allowed. She asked where all these employees would come from. The worst phenomenon is the temporary worker. She asked if the Enterprise Zone would go to a vote of the people. The area is dilapidated, and she asked if this Zone was the reason it was not a light rail alignment. She asked if there would be age discrimination in getting a job at PCC.

Mayor Lomnicki said this hearing was not an inquiry into PCC management practices. Johnson Creek Blvd. was never discussed as a light rail alignment. He pointed out that by testifying at the public hearing, Hummel was part of the process. He did not believe it was Council's intent to take the matter to a vote.

Councilmember Schreiber referred to staff report page one in which "employee" was defined as a person who works "more than 32 hours per week" but not temporary or seasonal jobs.

Mayor Lomnicki said, in order for a company to receive these advantages, it must follow certain specific requirements.

Hummel asked about the tax abatement. **Councilmember Schreiber** said the company applying would need to make a major contribution to the community. **Mayor Lomnicki** said the company would make an investment to its physical plant and receive a tax abatement on those improvements. It will be included on the tax roles when the Zone expires.

Hummel asked if Milwaukie residents would get the new jobs and relieve traffic problems. **Mayor Lomnicki** said there would be a first preference for qualified people from this area. **Hummel** asked where people would live if they came from out of the area.

Ruby Stapleton, 8920 SE 58th Avenue, Portland. She asked how the Enterprise Zone would impact her property value. She complained about businesses parking cars on an adjoining property. She understood that the bike path could be a light rail line in the future.

Allen said, over the long term, property values would increase in the area; however, taxes on residential units in an Enterprise Zone may not be impacted. He noted that companies looking for a tax break might displace marginal businesses.

Mayor Lomnicki recommended Stapleton talk to Public Works Director Brink.

Closure of Public Hearing: **Mayor Lomnicki** closed the public testimony portion of the hearing at 8:45 p.m.

Discussion and Decision by Council: **Councilmember Tomei** felt it was a very solemn responsibility to give tax breaks, and she wanted to be sure the community would benefit and employees would make family wages. She referred to staff report page 72 regarding minimum job quality thresholds. The section included reference to 150% of minimum wage after one year of employment. **Allen** cautioned Council about taking part of the Portland plan and mixing it with State requirements.

Bartlett calculated 150% of minimum wage as just under \$9.00/hour, and PCC's wage distribution was over that.

Councilmember Tomei wanted to make sure employees would earn a family wage if the company was given a tax break and recommended guaranteed percentage.

Mayor Lomnicki said, in reality, some employees may earn \$45,000 and others \$23,000. He suggested a structure that would put a majority of the newly-hired employees in the true average.

Councilmember Schreiber said it also depends on whether the industry was one that required a high level of technical skills with a higher pay range. Studies have shown that on-site child care is not what keeps women at their jobs because many of them feel the need for a personal transition between the workplace and family responsibilities. She preferred employees had an opportunity to grow and train on the job with a cafeteria list of opportunities in the areas of health and education.

Allen suggested setting a minimum threshold at 150% of minimum wage including benefits. This would help smaller companies offer benefits to employees at the lower end of the pay scale. For the five-year break, he suggested 150% of the County mean within eighteen months of the hire date.

Councilmember Trotter thought the benefit package concept would help start-up companies in the Enterprise Zone.

Councilmember Kappa wanted clarification of both the County's transportation offer and the environmental issues.

Bartlett expected a common set of watershed protection rules since the City of Portland joined as a full member of the Surface Water Commission.

Mayor Lomnicki suggested the letter from the County Commissioners be formalized in a resolution and identify areas of mutual concern from the TSP and RTP. Lindquist's letter referred to reviewing the most appropriate ways to provide for ongoing Zone Management "after initial zone establishment." **Mayor Lomnicki** suggested a meeting be scheduled in six months to address the issue.

Councilmember Schreiber said the letter from Lindquist enters into other discussion points which may not be the base of discussion regarding the Zone itself. She was concerned about adding requirements such as child care.

Councilmember Tomei supported child care in the larger companies.

Councilmember Schreiber commented that some employees might be more interested in a better pension package than child care as part of their benefits package.

Councilmember Tomei argued for the importance of child care and did not feel it was unrealistic if the company were getting a tax break.

Councilmember Trotter commented on the proposed IGA with Clackamas County listing areas of common concerns. He asked if daycare was applicable to new hires or those already employed by the company. **Allen** said the Portland Program was designed to attract new businesses to the area. He discussed his experiences as Chair of the Clackamas County Commission on Children and Families and suggested a more comprehensive strategic plans to meet broader needs.

Councilmember Trotter pointed out PCC was a large, existing company with sufficient money for capitalizing. He was concerned the tax break would be consumed if the sponsors demanded child care.

Councilmember Kappa asked if a daycare facility could be located in an Enterprise Zone and offer a reduced rate. **Councilmember Trotter** said local laws allow daycare centers in all zones.

Allen suggested looking at daycare in a broader sense, such as tailoring a piece for daycare providers to offer some meaningful assistance to that kind of business.

Councilmember Kappa asked if a daycare facility could be included as part of an Enterprise Zone. **Allen** said it could not and suggested the Enterprise Zone could work with the City of Milwaukie on daycare issues in the County.

It was moved by Councilmember Kappa and seconded by Mayor Lomnicki to direct that Allen and staff provide the City Council with recommendations addressing these concerns at the November 18, 1997, meeting.

Mayor Lomnicki suggested making the child care issue a part of the IGA with Clackamas County rather than a requirement of the Zone.

Allen said he would prepare a public hearing follow up for the City Council.

Councilmember Trotter suggested a legislative draft so the amendments would be clear.

Motion passed unanimously.

OTHER BUSINESS

Establish Custodial Account and Life Insurance Transfer Authorization – Public Employees Benefit Services Corporation (PEBSCO) Section 457 Deferred Compensation and Establishing Custodial Account – International City Management Association Retirement Corporation (ICMA-RC) Section 457 Deferred Compensation – Resolutions

Richards presented the staff report on the Section 457 Deferred Compensation Plans. These amendments would reflect changes to the Internal Revenue Code shifting ownership interest of assets accumulated under these plans from the employer to the employee and /or beneficiaries. Both resolutions refer to the City Manager's designee as the administrator.

Councilmember Kappa referred to staff report page 32 regarding administrative costs. **Richards** said that was a reference to a loan program, and the City chose not to do that.

It was moved by Councilmember Kappa and seconded by Councilmember Tomei to adopt the resolution establishing custodial account, employer account number:30. Motion passed unanimously.

RESOLUTION NO. 33-1997:

**A RESOLUTION OF THE CITY OF MILWAUKIE, OREGON,
("Employer") ESTABLISHING CUSTODIAL ACCOUNT,
EMPLOYER ACCOUNT NUMBER: 30.**

It was moved by Councilmember Tomei and seconded by Councilmember Kappa to adopt the resolution establishing custodial account, employer account: 3711. Motion passed unanimously.

RESOLUTION NO. 34-1997:

**A RESOLUTION OF THE CITY OF MILWAUKIE, OREGON,
ESTABLISHING CUSTODIAL ACCOUNT AND LIFE INSURANCE
TRANSFER AUTHORIZATION, EMPLOYER ACCOUNT: 3711.**

**Designate SE Railroad Avenue One-Way Eastbound between Harrison and
32nd Avenue – Resolution**

Shelton presented the staff report. This action was recommended by MacKenzie Engineering Incorporated in its 1992 final recommendation to the City of Milwaukie entitled "*SE 32nd Avenue Transportation Network Study.*" The action was recommended with the completion of the Public Safety Building, and staff agrees it would make a safer intersection. Traffic counts and observations indicate the signal at 32nd and Harrison can absorb the additional vehicles. Staff will monitor the intersection after this change to evaluate the impact.

Councilmember Trotter asked if staff had discussed the change with the businesses in the triangle. **Shelton** said he had not.

Bartlett said this was an interim measure with future plans to open 34th Street and signalize Oak.

Brink said he talked to the businesses and informed them the City intended to make that section of Railroad Avenue one-way, and some adjustments would have to be made. He noted there had been three automobile accidents at that intersection and felt it was a good decision to alter the traffic pattern.

Mayor Lomnicki was concerned that drivers might use the Public Safety Building parking lot as a short cut and suggested a circular drive from the coffee kiosk. **Brink** did not think there was sufficient room for that design.

It was moved by Councilmember Tomei and seconded by Councilmember Trotter to adopt the resolution declaring the intent to make SE Railroad Avenue one-way eastbound from 32nd Avenue to Harrison Street. Motion passed unanimously.

RESOLUTION NO. 35-1997:

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MILWAUKIE, OREGON, DECLARING THE INTENT TO MAKE SE RAILROAD AVENUE, FROM SE HARRISON STREET TO SE 32ND AVENUE, ONE-WAY EASTBOUND.

Board and Commission Appointments

Mayor Lomnicki submitted Jim Schierholz's name to fill Position #4 of the Traffic Safety and Transportation Board. Council approved the slate 4 - 0.

INFORMATION

Councilmember Schreiber was concerned that 97222 was considered a Portland zip code and asked if anything could be done. **Bartlett** said there was not a lot the City could do and suggested writing federal legislators.

Mayor Lomnicki announced an executive session to discuss labor relations and consult with legal counsel pursuant to ORS 192.660.

ADJOURNMENT

Mayor Lomnicki adjourned the meeting at 10:15 p.m.

Pat DuVal, Recorder